Director of Central Intelligence

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Spain and the Western Security System

Special National Intelligence Estimate

~~Secret~~

SNIE 27.1-85
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SPAIN AND THE WESTERN SECURITY SYSTEM

Information available as of 28 February 1985 was used in the preparation of this Estimate, which was approved by the National Foreign Intelligence Board on 7 March 1985.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

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SCOPE NOTE

This Estimate discusses the likely development of Spain's security relationship with Washington and the West over the next two years. It examines Gonzalez's prospects for keeping Spain in NATO and the difficulties he has made for himself with his pledge to hold a referendum on the issue. The paper assesses the possibility that Madrid might push for significant changes in the US military presence either before or during the routine negotiations in 1987 to renew the current bilateral agreement, which expires in 1988. It also discusses Madrid's rapidly evolving policy on export control.

In the course of examining these questions, the paper makes repeated reference to Gonzalez—his views on security issues, the domestic and foreign influences on him, and his actual record on security matters. This emphasis reflects Gonzalez's key role in Spanish politics. His landslide victory in 1982, his effective performance in office since then, and the continuing disunity of his political rivals have given him greater dominance of Spanish politics than any leader since Franco. Gonzalez's mixture of relatively moderate policies, firmness, and tact has encouraged the military to accept its constitutionally mandated subordination to civilian authority. At the same time, the King himself—who played a central and frequently extraconstitutional role in the transition to democracy—has welcomed the opportunity to institutionalize the still-new Spanish monarchy by assuming his constitutionally circumscribed role as a largely ceremonial chief of state.

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KEY JUDGMENTS

Since taking office in December 1982, Spain's Prime Minister Gonzalez has made good relations with Washington a key element of his foreign policy. He has also won acceptance for continued NATO membership from his own Socialist Party. We believe he will succeed in keeping Spain in the Alliance despite continuing widespread public misgivings about the value of membership to the country.

In our view, Gonzalez will overcome the principal problem he faces in that task—the campaign promise that he made in 1982 to hold a referendum on the issue. To placate Spanish leftists and to keep the Socialist Party united, Gonzalez has coupled his increasingly pro-NATO statements with renewals of that pledge, which he clearly wants to fulfill. But, if he came to believe he was not succeeding in rallying a public majority behind NATO, he could call an early parliamentary election to avoid the risk of a referendum defeat: continued NATO membership is more important to Gonzalez than holding the referendum.

In the unlikely event that Gonzalez holds a referendum and loses, he would probably attempt to recover from that setback by calling an early parliamentary election—an election he would be likely to win because of the weakness of his opponents. In campaigning under these circumstances, Gonzalez would probably make some kind of nod to the public's referendum verdict—perhaps, by promising to reassess Spanish security policy—but he would still keep Spain's pro-Western orientation.

We do not expect much progress toward Spanish integration into the NATO military structure within the two-year time frame of this Estimate. Moreover, Gonzalez and other key Socialist leaders appear to believe that there is a large gray area between full and nonmilitary integration in which they should be able to maneuver as they decide on Spain's eventual role in NATO. Conceivably, they might strain relations with the Allies by trying to use France as a model for Spanish participation in the Alliance. In any event, Gonzalez does not have much room to maneuver on this issue until he gets the NATO membership controversy and the next parliamentary election—which must be held by the end of 1986—behind him. At that point, should Gonzalez choose to move ahead, Madrid's initial steps toward integration might include increasing participation in exercises with the Allies

and joining the talks proposed for 1986 on NATO commands. He would probably move more slowly on financial contributions and on placing some portion of the Spanish military under SACEUR. Overall, though, we believe that the net gain from full participation will keep Spain moving toward integration, albeit at a slow pace.

Despite public linkage by Gonzalez and some other officials of continued NATO membership with a reduction in the US military presence, we do not believe that the Spanish will push to modify the present bilateral agreement before its scheduled renegotiation in 1987. At that time the Spanish certainly will bargain hard. They will probably propose the relocation of US forces at the Torrejon and Zaragoza bases to less visible locations in the south and possibly some reduction in the number of US forces. They are also likely to seek a greater security guarantee from Washington which could include some protection for their enclaves of Ceuta and Melilla on the North African coast, and they would try to increase military sales to the United States. In the end, however, we believe Madrid will renew the agreement on terms acceptable to the United States. In fact, over the next several years Madrid may well move from its current one-sided dependence toward a stronger sense of partnership with the United States.

Spain has apparently achieved sufficient consensus within its own government to make a decision on export controls. It has announced its intention to begin negotiations in this area with other Western nations. Madrid is currently leaning toward a multipronged approach: negotiations with all major technology suppliers—not just the United States—on controls; separate negotiations that might lead to COCOM membership, although that would not be the stated goal; and legislation creating an effective Spanish control mechanism.

Unexpected domestic and external developments could still disrupt Spain's developing security relationship with the West. A change in government—although highly unlikely—would certainly affect Spain's ties to Washington and Western Europe. Gonzalez has given an independent accent to Spain's increasing participation in Western security arrangements, but his considerable political strength gives him a greater ability to deliver on his promises than any likely successor. Spain's security ties to the West would suffer if the country's bid to enter the European Community unravels. Gonzalez is counting on EC accession to maintain the momentum of his efforts to win support for NATO membership: indeed, the minimum that Gonzalez needs to keep his security policy on track is movement toward EC entry by the end of 1986. An increase in tension with Morocco over Ceuta and Melilla could also lead Spaniards to question the value of military ties to Washington

and NATO. In the final analysis, however, we believe it would take a highly unlikely combination of events to reverse the positive trends in Spain's relationship with the West.

Increasing integration with Western Europe will produce occasional disputes—especially over trade issues—that pit Spain and its EC partners against the United States. There will be other disagreements between Madrid and Washington as well—as has happened, for instance, over Spain's slowness to act on export controls and will most likely continue to happen over Gonzalez's views on Nicaragua. In the main, however, the disagreements that may develop between Spain and the United States are likely to occur within an overall framework of increased identification with the West and support for its defense efforts—factors that, in turn, favor continued good bilateral security relations with Washington.

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DISCUSSION

Spain's Perspective on Security

1. European security interests play a lesser role in Spanish foreign policy than do economic and domestic considerations. Neither Spain's politicians nor its people show the same awareness of the Soviet threat as most of their West European neighbors. Spain did not participate in either world war and did not begin to emerge fully from international isolation until Franco's death brought an end to his nearly four-decade-long dictatorship in 1975. By then NATO's origin as a defensive response to the Soviet takeover of Eastern Europe was a distant memory. Although Prime Minister Gonzalez and most other non-Communist politicians regard the Soviet Union as a totalitarian regime, they see little direct danger to Spain.

2. A more immediate security concern has been "the threat from the south." Spain's proximity to North Africa increases Madrid's sensitivity to potential instability in that region and its possible spillover effect. Military planners worry, in particular, that Morocco might try to seize Ceuta and Melilla, two Spanish enclaves on the North African coast. Neither NATO nor the bilateral agreement with the United States provides a direct security guarantee for the enclaves. They do, however, lend psychological support to Spain, and we believe that Gonzalez and the Spanish military recognize the value of this. Moreover, some Spaniards, particularly in the military, perceive a potential threat from the Soviet naval presence in the Mediterranean and Soviet use of North African states as surrogates.

3. The most important goal of Spain's foreign policy is integration into Europe, now symbolized by its likely membership in the European Community. The Spanish hope that EC membership will give them an opportunity to share in the greater economic prosperity that they see north of the Pyrenees, as well as signify that they are at last members of the European political and cultural mainstream.

4. The EC is experiencing difficulties in arriving at a common negotiating position, making agreement on enlargement terms at the March European Council meeting less likely than had been thought. While the Spanish have greeted these problems with tough-sounding rhetoric, including an implicit threat to leave NATO if accession fails, we believe that economic and political reality will dictate that Spain accept in its essence the offer that the EC eventually tables. While this could cause the 1 January 1986 accession deadline to slip—possibly to as late as January 1987—there would be no major damage done either to enlargement or to Spain's NATO ties if satisfactory negotiations are proceeding toward entry by 1987.

5. Since becoming Prime Minister in December 1982, Gonzalez has moved steadily away from the anti-NATO positions he espoused as a candidate and leader of the Socialist opposition. He realizes that Spain cannot participate in Western Europe's economic structures while refusing some sort of role in its military defense. He has tried to turn the connection between the EC and NATO to his advantage by warning EC capitals that he could have trouble overcoming domestic opposition to the Alliance unless the Community agrees to Spanish accession on acceptable terms.

6. Gonzalez also sees strong ties to the United States as important to the stability of Spanish democracy and to his own interests. In the early months of his Socialist government, good relations with Washington served to reassure the military of his government's basic moderation and to discourage coup plotting. He also has seen good relations with Washington as a means of enhancing Spanish leverage and weight in Europe. He has, for example, looked to Washington to prod EC capitals on Community membership for Spain and to encourage France to cooperate more actively against Basque terrorism. In return, he obtained parliamentary approval for the bilateral agreement that the previous government negotiated with Washington. He has also expressed his "understanding" of INF deployment and had been preparing the ground to recognize Israel.

7. Gonzalez has also supported positions that conflict with those of Washington—positions partly based on his own inclinations, but also aimed at maintaining support from his own party's left wing and to prevent the Communists from gaining ground at his expense. He has, for example, couched his backing for NATO

in the context of disdain for "blocs" generally. He has also spoken favorably in public about the prospects for liberalization in Nicaragua despite some private reservations about the Sandinistas' willingness to allow genuine democracy. Gonzalez has been generally successful in this balancing maneuver. In the process, he has managed on foreign policy issues to seize the middle ground between the Communists and the Socialist left—which espouse a pro-Moscow-tinged neutralism—and the openly pro-Western center-right parties and the military.

Soviet and Spanish Communist Pressures

8. Gonzalez's strong political base puts him in a good position to resist the pressures against security cooperation with the West. Since 1975, Moscow has prodded the Spanish Communist Party to campaign against such cooperation. The Spanish Communists are fairly independent of Moscow. However, they have embraced the peace issue particularly hard lately as one of the few issues on which their badly divided party can unite and hope to rally leftist votes behind them. Communist-sponsored demonstrations have probably lent some reinforcement to public concern that NATO membership and the US presence make Spain a nuclear target. US use of the Torrejon airbase near Madrid is particularly cited in that regard. Nonetheless, the peace movement has not significantly affected the pro-Western course of recent years. The Soviets have been no more successful in their own intermittent attempts at nuclear blackmail. When Parliament debated NATO membership in 1981, for example, Soviet heavyhandedness embarrassed Spanish leftists and led them to trim their support for the peace movement.

Domestic Political Considerations

9. Spain's shaky democracy received a big boost when the country made a smooth transition from the badly split center-right to Gonzalez's center-left government in 1982. The magnitude of Gonzalez's triumph has put him in a better position to deliver on his promises than any Spanish leader since Franco. Gonzalez's tight grip on the well-disciplined Socialist Party has been an important key to his success. His government's combination of relatively moderate policies and firmness has also encouraged the military to accept its subordination to civilian political authority.

10. Spanish political circles regard the Socialists as tough, professional politicians. The Socialists have shown that they understand the importance of good communications and avoidance of misunderstandings with other politicians. They bargain hard, but they also honor the deals that they make. Gonzalez has carried that same approach over to international politics. He has kept Western capitals informed of his diplomatic priorities and the domestic political considerations that condition them. He probably believes that his generally responsible conduct of foreign policy should earn him the respect and trust of US and West European leaders.

11. The center-right politicians who inherited power after the death of the dictator cooperated only long enough to write a democratic constitution, and soon afterward they split badly over policies and personalities. Their inability to govern effectively produced a vacuum of political authority that nearly derailed the transition to democracy. Military leaders who were already nostalgic for the Franco era saw their worst fears of democracy confirmed in the squabbling of the politicians. When ultrarightist military officers attempted a coup in February 1981, the politicians were not saved by their own efforts but by King Juan Carlos. At that time and, in fact, throughout the democratic transition, Juan Carlos ventured far beyond his ceremonial role in an attempt to keep the military in line and to help the center-right politicians patch up their differences.

12. Gonzalez enjoys good relations with the King, and keeps him abreast of the government's general direction. The King, who long before Gonzalez came to power supported NATO membership, gives Gonzalez occasional advice and has pointed out in particular what he sees as the inadvisability of holding a referendum on NATO. While the King sees his role as that of a constitutionally limited and largely ceremonial chief of state, [redacted] 25X6 Overall, however, the King is not likely to play a major role in the debate on the Alliance.

13. By a wide margin Spaniards view the approximately 21-percent unemployment rate as the country's principal problem. Continuing high unemployment, however, will probably not significantly affect either Gonzalez's political prospects or Spain's security relations with the West because few voters believe that any of his parliamentary opponents could do a better

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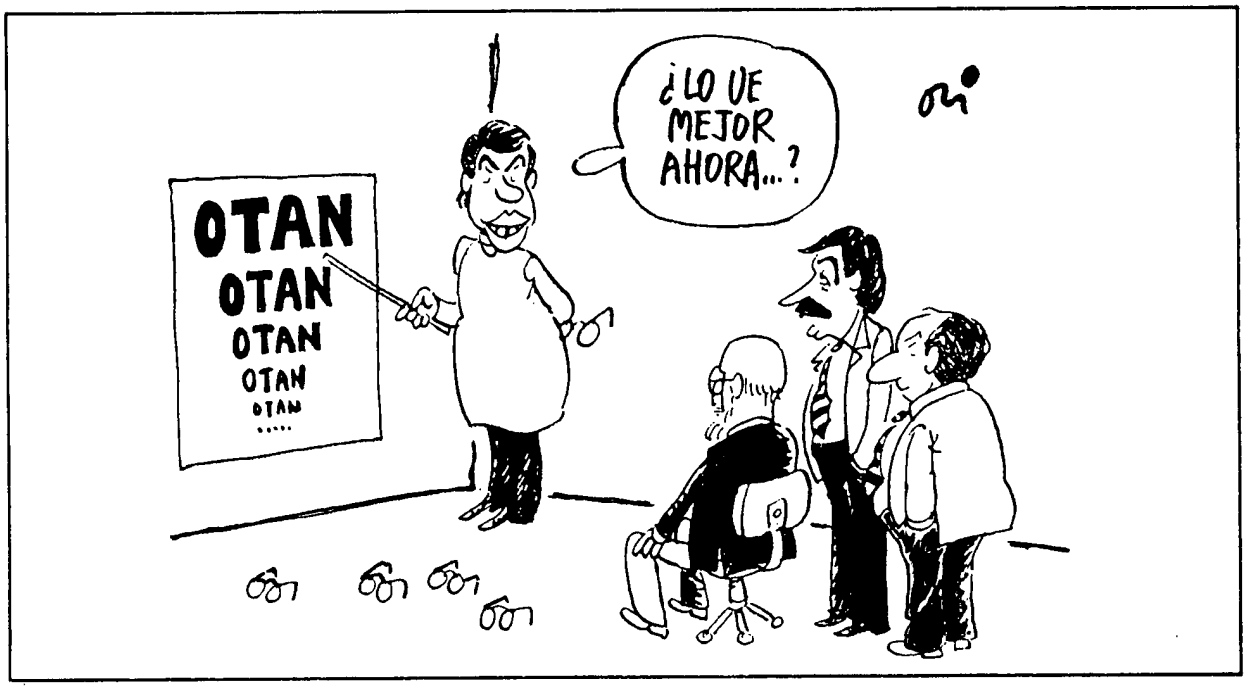

Editorial cartoon in La Vanguardia, *a leading center-right newspaper, on 5 February 1985 shows Gonzalez driving home the case for NATO membership to the Spanish public: "Do you see it better now?"*

job in that area. In short, even though Gonzalez's pro-Western foreign policy contains elements that go beyond the public consensus, his political strength and skill bolster his ability to stay that course.

Spain's Future Role in NATO

NATO's Emergence as an Issue

14. Spain joined NATO in May 1982. The Center Democratic Prime Minister at that time, Leopoldo Calvo Sotelo, had looked to Alliance membership to strengthen Spain's bid to join the EC in addition to improving Spain's security. He had hoped that NATO would divert the attention of the military—elements of which had attempted a coup in 1981—away from domestic politics. Calvo Sotelo also had hoped that his divided party could unite around Alliance membership and recapture political initiative from the Socialists and other opposition parties. However, he had not prepared opinion for NATO by making an effective case for it. The result was confusion among the public and anger among leftist politicians—including, notably, Gonzalez's Socialist Party.

15. When the Center Democratic government collapsed in August, Gonzalez made what he called Calvo Sotelo's highhanded handling of NATO membership his principal foreign policy issue. Although he said that he would not have entered the Alliance himself, he avoided committing himself to withdrawal. Rather than tie himself publicly to any specific position on NATO, he said that he would let the public decide for itself in a referendum. Gonzalez's promise to hold a referendum is something we believe he has since deeply regretted.

Gonzalez's Difficult Position

16. The referendum promise probably did not contribute greatly to Gonzalez's election triumph in a campaign that turned largely on domestic issues, but that pledge has nonetheless become a foreign policy albatross. Since taking office, the Prime Minister has approached the matter cautiously. In addition to trying to defuse NATO as an issue for the Communists to exploit, Gonzalez has also been concerned with keeping his own party united behind him. Rank-and-file Socialists have even more reservations about NATO than the general public, and the party's left has been particularly vocal about the issue. Gonzalez's concern with keeping his party united and the left under control led him to increase his support for the Alliance in carefully measured steps. Last fall he finally made an unequivocal endorsement of NATO

membership when he said in his State of the Nation address to Parliament that acceptance of Alliance membership should be the starting point in a national effort to achieve a consensus on security policy. However, he carefully coupled this forward step with a reaffirmation of his pledge to hold a referendum. Even then, it took strong action by Gonzalez at the Socialist Party congress in December to defeat a motion that would have called for Spain to leave NATO.

17. In keeping with his pledge, Gonzalez has given the matter more specificity. Last fall he said that the vote would occur in early 1986, and in January he declared that the exact date would fall between 20 March and 20 April of that year. In early February, at a dinner with journalists, he said that he would regard the referendum outcome as binding on his government even though such votes on foreign policy matters are only advisory under the constitution.

18. In the meantime, popular support for NATO has not grown appreciably. Part of the explanation for this failure is that Gonzalez did not come out solidly behind NATO membership until four months ago. Before then he limited his support largely to vague statements about Spain's obligation to share the burden of Western defense—an obligation not self-evident to many Spaniards. Indeed, the repeated invocation of that theme by Gonzalez and other Socialist leaders may have reinforced the popular perception that NATO membership will increase the risk of Spanish involvement in war—a concern that polls show is the greatest source of opposition to Alliance membership.

Gonzalez Could Swing Opinion Behind NATO

19. We believe, however, that Gonzalez's strategy will eventually have greater success—and already has some pluses. His low-key approach has helped to prevent NATO from emerging as a major source of political contention. It has also given Spaniards time to become more used to the Alliance. Much of the press now treats Spain's membership as a given, and even many NATO opponents appear increasingly resigned to that outcome.

20. Moreover, now that Gonzalez has finally come out solidly behind Alliance membership, he will be able to stress the benefits of NATO membership—especially progress on EC accession and Gibraltar repatriation. Polls indicate that progress in these areas could boost support for NATO to nearly half of all voters with an opinion on the issue.

21. Most important, Gonzalez has some flexibility in wording the referendum. The results of opinion polls suggest that the phrasing significantly affects levels of support for NATO membership. Blatant manipulation of the language would, of course, undermine the credibility of the referendum and of Gonzalez himself. Within limits, however, Gonzalez will most likely word the referendum in a way that increases the chances of its being approved by the voters—most likely by folding continued NATO membership into the other salient elements of Socialist security policy—the sort of formulation that would be most likely to obtain majority support from the voters.

The Referendum Dilemma

22. We believe Gonzalez would very much like to persevere with his current strategy of holding a referendum. Although polls show that most of the public does not feel strongly about NATO (despite the current two-to-one opposition to the Alliance), the issue is an important test of ideological purity for many Socialist Party activists and intellectuals. Gonzalez probably recognizes that those groups would draw attention to an attempt to back out of the referendum commitment and that they would use it to tarnish the aura of sincerity and honesty that has contributed to his popularity with the voters.

23. This a high-risk strategy. There is always the risk of miscalculating voter sentiment. A referendum campaign would reactivate the passions of NATO opponents—including many Socialist activists—who at present are sullenly resigned to continued membership. It would also run counter to Gonzalez's attempts to defuse the NATO issue. But it is also the one strategy that promises the most gains for Gonzalez and the West. A referendum would fulfill his 1982 promise to the voters and, in the event of a pro-NATO vote, leave NATO opponents with little ground to stand on.

24. Continued NATO membership, however, is more important to Gonzalez than holding the referendum. He is an unusually adept politician with a good sense for opinion both within his own party and the country as a whole. If he came to believe that the referendum outcome would be negative or was uncertain, he would probably back away from the referendum. His escape route would probably be to hold an early parliamentary election.

25. In such an election Gonzalez could claim that he was giving the electorate a chance to vote on his pro-NATO position along with his other policies. Moreover, once an election campaign began, attention would probably shift quickly to more pressing eco-

nomic and social issues. Although many diehard NATO opponents would initially be outraged, in the end they would probably favor Gonzalez over the principal alternatives—the largely discredited Communist Party, the rightwing and pro-NATO Popular Coalition, and the center-right but equally pro-NATO Democratic Reform Party.

Consequences of a Referendum Defeat

26. A referendum loss would pose serious difficulties for Gonzalez. In that event he might revert to the letter of the constitution—that foreign policy referendums are advisory only. However, outright withdrawal would become a possibility. The likelihood of Spanish departure from the Alliance would increase greatly in the more improbable event of a lopsided referendum defeat. Defeat on NATO would also probably fuel the hopes of those Spaniards who would like to do away with the principal remaining obstacle to Spanish neutrality—the US military presence.

27. Gonzalez would not have to accept a referendum defeat as the final popular verdict on NATO. He could follow that vote with an immediate parliamentary election. Because he could run in that race on his record—including continued participation in NATO—the vote could constitute a second referendum. A referendum defeat would certainly harm him, but probably not to the point of preventing him from winning reelection. In campaigning under these circumstances, however, Gonzalez would probably have to make some sort of nod to the public's referendum verdict—perhaps by promising to reassess Spanish security policy.

28. We do not believe, however, that even a defeat leading to the fall of Gonzalez or Spanish departure from the Alliance would necessarily reverse the government's essentially pro-Western foreign policy. Indeed, the Socialists' concern with reassuring EC capitals and Washington of Spain's continued Western credentials might well lead them to support renewal of the bilateral agreement with the United States.

29. Whatever course he chooses on the referendum, we think that Gonzalez would be slow to back away publicly from his pledge to hold that vote. Too quick a retreat would allow his opponents to attack his credibility as well as to decry his incompetence in having gotten himself into such a difficulty. The referendum is also useful as a device to concentrate the attention of EC capitals on the possible cost of foot-dragging on Spain's accession bid.

Prospects for Military Integration

30. Satisfactory resolution of the membership issue—which we believe likely—would allow the heretofore taboo subject of military integration to be discussed as a real option. Some very cautious discussion has already emerged (in a recent interview given by Spain's Defense Minister to the leading daily). While Gonzalez has never publicly endorsed full integration,[1] his discussions [redacted] 25X1 have explored the idea of making the Spanish military "homologous" with NATO forces—a view that comes close to integration and probably makes very little sense without it. Since then Madrid has quietly continued officer enrollment in NATO courses, efforts to share in Allied arms projects, participation in training exercises with Allied countries, and, as of January 1985, membership in the NATO Maintenance and Supply Organization. The last involves Spain's first contribution to one of the Alliance's military budgets.

31. Gonzalez will not push much further ahead on integration until he resolves the membership issue. In fact, in his State of the Nation address he said that he did not see a "need" for military integration. This wording was sufficently ambiguous to allow him room for maneuver in the future.

32. An important consideration favoring integration over the longer term is the financial burden of maintaining a credible military force outside the NATO command structure, as has been advocated by some Socialists. Full integration could free scarce funds for the military modernization program that Gonzalez has promised as well as for the expanded social expenditures he would almost certainly like if he wins a second term. Another factor that could favor full integration over the longer term is Gonzalez's interest in building up Spain's arms industry and military exports—full participation would improve understanding of NATO equipment and make it easier to share in Allied arms consortiums.

33. As a full member of the Alliance, Spain might qualify for its own command. The most likely command—the Balearics-Gibraltar-Canaries axis—would

[1] By the time Gonzalez took office in December 1982, Spain was actively participating on the political side of the Alliance, primarily through the North Atlantic Council and the Political Advisers and Economic Advisers meetings. On the military side Spanish participation was substantially less and was limited largely to representation on the Military Committee, the Defense Planning Committee, the Nuclear Policy Group, and a few technical committees and working groups. Spanish forces were not integrated into NATO's military command structure, nor was Madrid represented on the International Military Staff or at SHAPE.

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strengthen Spain's southern defenses. Gonzalez—like previous Spanish leaders—has proclaimed repatriation of the Rock as one of his principal foreign policy goals. Spanish integration into NATO might enable Madrid to put the headquarters of an Alliance command of its own at Gibraltar, which would be a forward step in Gonzalez's efforts to restore Spanish sovereignty there.

34. Gonzalez does not have much room to maneuver on integration until he gets the membership issue and the next parliamentary election behind him. Socialist leaders, moreover, have hinted that they believe that there is a large gray area between full and nonmilitary integration in which they should be able to maneuver as they decide on Spain's eventual role in NATO. Conceivably, they might strain relations with the Allies by trying to use France as a model for Spanish participation in the Alliance. We do not, therefore, expect substantial progress toward integration over the period of this Estimate.

35. Overall, though, we believe that the net gain Madrid can expect from full participation will keep Spain moving slowly toward integration. Initial Spanish steps might include increasing participation in exercises with NATO Allies and joining the talks proposed for 1986 on commands. Madrid would probably move more slowly on financial contributions and on placing some portion of the Spanish military under SACEUR.

The US Military Presence

36. The US-Spanish bilateral agreement provides for US access to three major airbases at Torrejon, Zaragoza, and Moron, one major naval base at Rota, and nine other smaller military installations. The US presence at these facilities includes stationing of almost 200 tactical and support aircraft and about 12,000 US military personnel. Spain also allows the United States to use the Bardenas Reales firing range and certain other training areas and ranges, and regularly permits overflights for US aircraft and sea lane access to US naval vessels.

Spanish Attitudes

37. Opinion polls show that most Spaniards do not feel strongly about the US military presence. However, the polls do show considerable latent opposition. When asked to identify Spain's leading problems, few voters cite the US military presence. When asked directly about the matter, however, 62 percent said that they were against having US troops on Spanish soil.[2]

38. Many Spanish leftists, including a number of Socialists, believe that previous pacts with Washington helped prop up the Franco regime. Some leftists oppose the US presence because of their preference for a completely neutral stance. Detractors of the United States, including nonleftists, also see the base agreement as one-sided, noting that Washington uses its access to Spanish bases to defend US security interests and that Spain receives no security guarantee in return. To the extent that many Spaniards think about base arrangements at all, they frequently see Washington as "using" Spain. Moreover, during the past three decades Spain has changed from a backward agricultural country ostracized by the rest of Western Europe into a modern industrial nation poised to enter the EC. Spaniards' self-perceptions have adjusted accordingly, and they seem to believe that they now are entitled to exact a higher "rent" in return for base access.

Gonzalez's Objectives

39. We believe that Gonzalez's nationalism gives him the same ambivalent feelings toward US use of Spanish bases as those of many other Spaniards, and that his Socialist background provides him little additional reason to value the US military presence beyond its functional contributions to good relations with Washington and to the Spanish economy and military. The base issue does nonetheless present him with certain opportunities and risks. On the one hand, Gonzalez can try to use the bases as a gambit—as he did in his State of the Nation address to Parliament last October when he attempted to rally support for NATO by linking continued Spanish membership in the Alliance to a "progressive reduction" in the US presence. On the other hand, he must be aware that drawing attention to the bases could transform them into a second foreign policy problem akin to the NATO issue itself. Gonzalez's sense of that risk seems to have increased lately, and neither he nor his ministers have had much to say publicly on the matter, either at the Socialist Party congress in December or on other recent occasions.

40. If Gonzalez has had second thoughts about pressing the issue, he may not have given up on at least limited adjustments in base arrangements. During the past year he and Defense Minister Serra have raised

[2] Only 12 percent would support some form of US presence, another 12 percent would support a NATO presence, and 14 percent were undecided.

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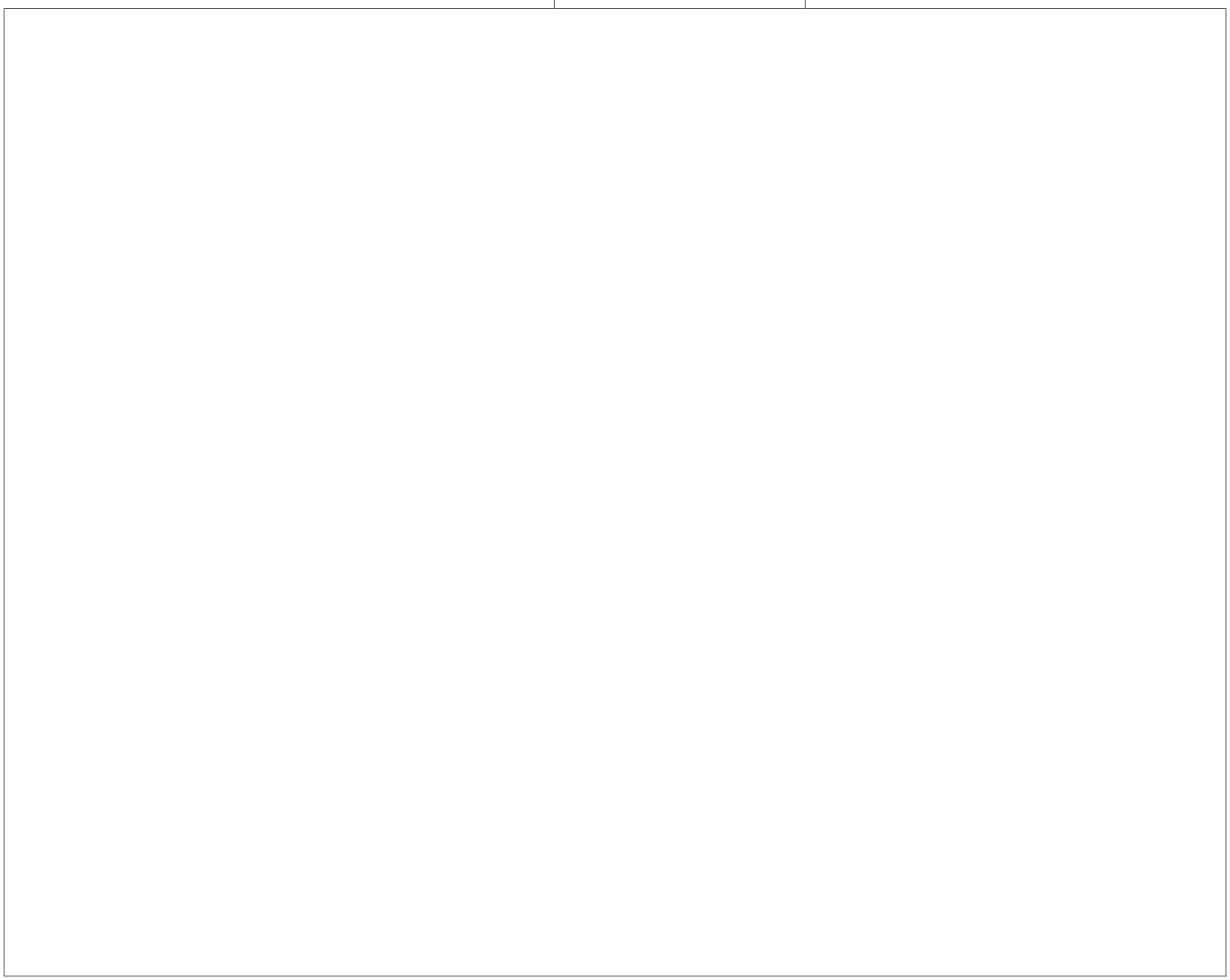

that possibility on several occasions with US officials. Gonzalez also raised that possibility with Norwegian Prime Minister Willoch during his visit to Madrid in February. The Spanish have not spelled out in detail what they have in mind, however, and we doubt that they know yet. At this stage, Gonzalez seems only to have identified the general direction in which he would like to go and appears primarily to want to prepare the United States for the possibility of some sort of new Spanish approach toward the bases in the future. Foreign Minister Moran reportedly has told the Spanish Ambassador in Washington that Madrid will not institute unilateral changes in the bilateral agreement.

41. The Prime Minister's repeated reference to "cosmetic" change indicates that some of his principal concerns are presentational—to prevent the base agreement from emerging as a political liability. Gonzalez probably believes that Washington might regard a few cosmetic touches—designed primarily to enhance Spanish prestige—as a small price to avert demands for larger adjustments as well as to increase support for continued NATO membership.

42. In addition to presentational improvements, Gonzalez signaled his belief that some substantive changes should be acceptable to Washington. He has hinted, for example, that he would like to see the United States redeploy away from Torrejon and Zaragoza toward facilities in underpopulated areas of the south—presumably the existing bases at Rota and Moron. Gonzalez would almost certainly hope that such a reconfiguration would lower US visibility and reduce concern over a possible nuclear attack. He would probably also hope that this move would increase the implicit link between the US military presence and Spain's southern defenses. The Spanish

have not indicated a timetable for these changes, and we do not believe that Gonzalez will want to open another contentious issue during 1986 when parliamentary elections are scheduled.

43. Over the longer term, we believe the Spanish will try to drive a hard bargain when negotiations for renewal of the current agreement begin in 1987. They are likely to press particularly hard on Torrejon and Zaragoza. Recent accusations in the press about US disregard for the nuclear-free status of Spain or other West European Allies might prompt Madrid to press for greater assurances from Washington in this area, and Madrid would be particularly likely to do so if new charges along these lines surfaced at the time of the negotiations.

44. In general, though, the Socialists have been no more eager than their center-right predecessors to question Washington about nuclear deployment. Their standard response to leftist agitation on nuclear issues has simply been to reaffirm publicly Spain's existing prohibition against nuclear basing. The Socialists, moreover, have been generally receptive to port visits from nuclear-powered warships. In 1984, Madrid granted six of eight US requests for such visits. The two refusals were in response to requests to visit Barcelona, an unsurveyed port. We would not see the Socialists' general receptivity to port visits from nuclear-powered ships as likely to change.

45. In return for renewing the agreement, the Spanish will ask for more. The Spanish military has embarked on a major military modernization program, and Gonzalez will seek increased assistance to help with that effort. The Spanish, moreover, are disappointed that Washington's promise to consider assistance for the final phase of the Combat Grande air defense system has not resulted in any aid. If assistance for that project is not forthcoming before 1987, they almost certainly will press for greater assurances on that point. [redacted] the Spanish have further been concerned that the arms trade with the United States has been weighted 68-to-1 in Washington's favor. In this regard, the US decision last year to buy the British Sherpa rather than Spain's CASA C-212 created considerable disappointment in Madrid. They are also likely to argue that they want more than just encouragement that they can compete for sales in the US market on an equal footing with other Allied producers. In this regard, they could also press for greater defense-industrial cooperation with the United States. They might raise as well the issue of Ceuta and Melilla and ask for US support in the event of a Moroccan attack.

Gonzalez May Settle for Minor Changes

46. We believe that the negotiations are likely to slip into the customary quid pro quo trading of past talks. The Prime Minister almost certainly recognizes that he has to handle the issue carefully. The Spanish military has relied on the $800 million in FMS credits and the $29 million in ESF and IMETP funding that Washington has extended over the past two years alone of the present agreement. Awareness of that contribution would probably rise once US negotiators raised the possibility of cutbacks in response to Madrid's possible efforts either to reduce US base access or to call for costly US readjustments. Also, the Spanish might be surprised to learn how much the US presence contributed to the local economies near each US base.

47. In addition to wishing to avoid possible cutbacks in US assistance, Gonzalez would also probably find appealing some of the positive incentives that Washington could hold out—for example, aid for Combat Grande and, in the event of an emergency, AWACS coverage. If Spain stays in NATO, Gonzalez might welcome a NATO cover for some or all of the US installations. Polls indicate that that arrangement would nearly double the low level of support that exists for basing US forces alone.

48. We believe that these considerations make it likely that after some hard bargaining and perhaps occasional misunderstanding, Madrid will come around to support a continued US military presence in Spain on terms acceptable to the United States. The principal obstacle to such an outcome would be an upsurge in public sentiment against existing base arrangements, and we believe that unlikely.

Cooperation on Export Control

49. The available data indicate that Spain has not been a major point of diversion for US technology to the Soviet Union and other proscribed countries. However, the potential could grow if Madrid's plans to develop an electronics industry progress and if Spain remains outside the Western export control system. Spain has been slow to focus on the importance of cooperation with Washington on export control. Like other West European governments, Madrid worries that controls could hurt exports. The Spanish also resent what they regard as Washington's attempt to impose US law on them. These concerns run especially strong because Spain is a newcomer to high technology and is anxious to carve out an export market for itself in that dynamic sector. Madrid must also worry 25X1

somewhat about appearing too willing to do Washington's bidding—a concern that will probably continue at least as long as the NATO issue is unresolved.

50. Gonzalez did not seem to become convinced of the need to take the matter in hand until last fall. The Cabinet then discussed the matter twice, and Gonzalez ordered a review of it by his own staff. Washington's postponement of a decision to license AT&T to enter into a joint high-technology venture with the Spanish National Telephone Company has concentrated Spanish attention on export control even more. [redacted]

51. Bureaucratic infighting has been a problem, but the Spanish have achieved sufficient consensus within the government to announce their intention to begin negotiation in this area with other Western nations. Madrid now is leaning toward a multipronged approach: negotiations with all major suppliers—not just the United States—on controls; separate negotiations that might lead to COCOM membership, although that would not be the stated goal; and legislation creating an effective Spanish control mechanism.

Potential Pitfalls

52. Unexpected shocks could still have an unsettling effect on Madrid's Western ties. Deputy Prime Minister Alfonso Guerra—Gonzalez's key political lieutenant—has never been particularly keen on NATO or on strengthening ties to Washington. Foreign Minister Moran, for his part, has tried to maximize Spain's international "autonomy" even while accepting continued membership in NATO. Their voices would not be alone if a major snag emerged between Madrid and Washington, and they could encourage a return to a more independent, inward-looking posture.

53. Recent events show how strong and resilient Spain's relationship with the West has already grown. Over the course of a few days, in fact, relations with Washington were tested by Madrid's expulsion of two US officials on espionage charges, press allegations of US plans for nuclear deployment in Spain, press misquotations of a US official on the possibility of Spanish membership in COCOM, and the Spanish perception that Washington announced a date change for the President's visit in May without first consulting Madrid. Spanish officials, however, generally played down these incidents, although they did try to show their displeasure with what they regarded as Washington's insensitivity by objecting to changes in the scheduling for the Presidential visit.

Domestic Discord

54. A change in government would affect Spain's developing security relations with the West. Although Gonzalez is basically healthy [redacted] and is well protected, his incapacitation or assassination cannot be completely ruled out. More important, the next parliamentary election must be held by December 1986. Despite Gonzalez's conspicuous failure to deliver on his campaign promise to reduce unemployment, voters generally credit him for doing his best with a difficult job. 25X1 25X1

55. Gonzalez is also likely to benefit from the weakness of his chief rivals. Spain's Communists have called each other so many names in recent years that they have badly hurt their standing with the electorate. The conservative Popular Coalition, the principal opposition group, is led by Manuel Fraga who has not been able to shake off his strong connection in most voters' minds with the Franco regime, in which he had served as a cabinet minister. None of Fraga's potential replacements, moreover, has the political stature or the campaigning ability necessary to challenge the Socialists. Miguel Roca, the leader of the new Democratic Reform Party, is widely respected by other politicians, but is too strongly associated in most voters' minds with the regionalist movement in Catalonia to have much of a chance of threatening Gonzalez. Former Prime Minister Suarez, meanwhile, has failed to transfer his own high popularity to his struggling Social Democratic Center Party.

56. These circumstances contribute to Gonzalez's standing in opinion polls as a strong favorite to win the next election. Even if he fell short of an absolute majority and shied away from a minority government, press reports indicate that he would look to the right rather than to Spain's ragtag Communists for a coalition partner. The press also indicates that Gonzalez's first choice for such a role is Suarez's party—which would generally follow Gonzalez's pro-Western policies.

57. The principal alternative to Gonzalez would be a disparate center-right and regionalist party coalition that would probably have only a slim parliamentary majority. Although a government of that sort would be more supportive of close security cooperation with the West, it would probably be too divided on other issues

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and have too shaky a grip on power to implement its programs. Without the responsibilities of office, the Socialists would almost certainly move to the left in opposition. These considerations lead us to suggest that a Gonzalez-led government is most capable of uniting Spain behind a pro-Western foreign policy.

External Shocks

58. The obstacles that are now arising in Spain's bid to join the EC could be damaging. The recent inability of the EC to reach a common position on terms for Spanish entry—as well as Gonzalez's tough and pessimistic statements following his meeting with Italian Prime Minister Craxi—is disturbing, especially when coupled with Deputy Prime Minister Guerra's hints that the failure of EC enlargement could force Spain to quit NATO. What must be borne in mind, however, is the constant use of these two themes as a means of exerting negotiating pressure.

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Slippage from the 1 January 1986 target date for entry may occur—and will inevitably happen if the March summit meeting of the European Council cannot reach agreement both within the EC and with Spain. The entry date is not engraved in stone—a fact the Spanish have acknowledged even while pressing

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for its achievement—and the minimum that Gonzalez needs to keep his security policy on track is movement toward accession that will plausibly result in enlargement by the end of 1986. We believe that economic and political realities will dictate that progress be made on these minimum goals, and we would not foreclose a compromise settlement in March.

59. Any challenge to Madrid's interests in North Africa would adversely affect Spain's cooperation with the West. The Spanish are especially concerned about Ceuta and Melilla. Madrid worries that, if conditions should deteriorate within Morocco, King Hassan might try to seize the two enclaves on Morocco's Mediterranean coast in a bid to prop up his throne; or that a more radical successor might not show the restraint toward those territories that Hassan has demonstrated over the past three decades. Formation of the Libyan-Moroccan union last fall added to Madrid's anxiety.

60. Hassan has shown no inclination to press this issue and has long maintained that progress on the "decolonization" of Ceuta and Melilla must be pursued by diplomatic means. Any significant increase in tension would, however, highlight the failure of NATO membership and the bilateral agreement with Washington to guarantee Spain's hold on the enclaves. NATO opponents would certainly trumpet that failure, and even the pro-Western military would be disillusioned with Washington and NATO. In a case of this sort we believe that Gonzalez would probably be able to keep Spain in NATO although security cooperation with the West might suffer for years.

Outlook

61. Any of the potential pitfalls and external shocks that we have been able to identify could slow the development of Spain's ties to the West, but we believe that it would take a highly unlikely combination of events to reverse that progress altogether.

62. Closer Spanish links to Europe, though, could allow for some decline in the relative importance to Madrid of the United States. Since taking office Gonzalez has looked to Washington for backing for Madrid's bids to join the EC and to gain international cooperation against Basque terrorism as well as to support Spanish democracy itself. We believe that Madrid stands a good chance of realizing each of these goals and that its sense of dependence on Washington will decline as it does so. Continued NATO membership might work in the same direction.

63. Although access to Spanish bases may be a greater contribution to Western security than Spain's membership in NATO, Gonzalez's outline of security policy to Parliament makes the Alliance the centerpiece of Spain's security links to the West. Indeed, as confidence grows in NATO's security guarantee, the Spanish might well place less value on the implicit security guarantee provided by US access to Spanish bases and consequently seek further compensation for use of the bases or a reduction in the US presence.

64. As noted above, however, we believe that any effort to downgrade the US presence would probably lead to quid pro quo negotiating that would remind the Spaniards of how much more they get from the bilateral agreement than an indirect security guarantee. We note as no less important that NATO participation, EC membership, and Spain's increased self-confidence as a democracy would probably increase its sense of partnership with the West in general more than they would reduce its dependence on the United States. Indeed, these developments could promote a stronger sense of partnership in its defense relationship with Washington.

65. This does not mean, however, that Spain's growing links to Europe will not produce problems for Washington. Indeed, there is little question that increasing integration with Western Europe will produce occasional disputes—especially over trade issues—that pit Spain and its EC neighbors against the United States. In the main, however, any disagreements that develop between Spain and the United States are likely to occur within an overall framework of increased identification with the West and support for its defense efforts—factors that, in turn, favor continued good bilateral security relations with Washington.

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